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United Nations Industrial Development Organization

Industrial Development Board

Thirteenth session

SUMMARY RECORD OF THE 4th MEETING

Held at the Vienna International Centre, Vienna,
on Tuesday, 8 November 1994, at 3 p.m.

President: Mr. EL HUSSEIN (Sudan)
later: Mr. WEJTKO (Poland)

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The meeting was called to order at 3.25 p.m.

PROGRESS REPORT FOR 1994 ON SPECIFIC UNIDO ACTIVITIES, IN PARTICULAR:

(a) HUMAN RESOURCE DEVELOPMENT

(b) DEVELOPMENT AND TRANSFER OF TECHNOLOGY

(c) INDUSTRIAL REHABILITATION AND MODERNIZATION

(d) SMALL- AND MEDIUM-SCALE INDUSTRIES

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THE EXTERNAL DEBT AND INDUSTRIAL DEVELOPMENT (continued) (IDB.13/13)

INDUSTRIAL DEVELOPMENT COOPERATION AND CONSULTATIONS (INCLUDING IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION 47/153) (continued) (IDB.12/2, chap. IV, paras. 26-40; IDB.13/15, IDB.13/16, IDB.13/30; IDB.13/CRP.3)

1. Mr. BORCHARD (Germany), speaking on behalf of the European Union and Austria, said that document IDB.13/12 was far too long and diffuse and that he was not convinced of the value of the information it contained. All the same items would be considered at the next session, when the Board discussed the Director-General's Annual Report for 1993. At a time when the Director-General was

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making efforts to prioritize the Organization's activities, Member States should help him by refraining from debating the same subjects at every session. On the other hand, he approved of the fact that all the information had been assembled in a single report, thus reducing the number of documents before the Board. UNIDO might usefully follow the line taken by the UNDP Executive Board in its decision 94/4, by which it had decided that reports from the Secretariat should normally consist of no more than three pages and include sections identifying the objective of the report, the means of implementation and the decision requested of the Board. Where unavoidable, additional information should be provided in an annex or addendum.

2. Apart from its excessive length, the document gave no indication at all of the costs, either relative or absolute, of activities already undertaken or envisaged and no assessment of their value and effectiveness. A mere list of projects and activities with no indication of how they fell into the overall development process was not particularly informative. The document, moreover, gave very little impression that the Organization had been trying to narrow its focus: there was little reference to the reform process and only a few indications of specific programme priorities. He would be glad to learn whether during the past year UNIDO had turned down any requests for assistance or terminated on its own initiative any activities appearing to be of marginal usefulness.

3. Turning to the specific activities themselves, he expressed concern that no reference was made in the section on human resource development to the recent evaluation of that programme. There seemed to be a contradiction in paragraph 4, which stated at one point that the programme had concentrated its activities since January 1994 and later that it faced great resource constraints. The right priorities had perhaps not yet been set. In general, however, he supported UNIDO's activities in that field, although he considered that more attention should be paid to both formal and vocational training and education in the developing countries. Education was essential if all sectors of the population were to take their proper places in society and countries were to be able to develop their capacities. UNIDO should make a full contribution to the efforts of the United Nations system concerning human resource development, paying due attention to the opportunities offered by South-South cooperation.

4. In dealing with the development and transfer of technology, UNIDO should concentrate on priority sectors. He would not include metallurgy among those sectors.

5. He had been impressed by the report on small- and medium-scale industries and by the areas of concentration adopted in that programme, namely, the policy and institutional levels. It seemed to him that the strategies and policies of the Small and Medium Enterprise Branch were already focused on the right lines and that its proposed activities, though wide, were not over-ambitious.

6. He also approved of the report on the environment, energy and sustainable industrial development programme, in which clear priorities had been set, capacity-building was an integral part of the activities and cooperation with other United Nations agencies was successfully developed.

7. On the matter of industrial investment promotion, he believed that the question of setting up IPS offices in Member States called for a great deal more thought and that no regular budget resources should be used for that purpose. Regarding the possible establishment of a legal framework designed to attract foreign investment, he pointed out that other organizations were already active in that field with which cooperation should be expanded. It did not seem appropriate for UNIDO to duplicate their efforts. In particular, greater care should be taken to avoid overlapping with UNCTAD. The promotion of investment should be seen more as a result of other activities than as a goal in itself.

8. With regard to the industrialization of the least developed countries in the 1990s, he believed that the strengthening of the institutional infrastructure should be UNIDO's first priority.

9. He stressed the importance of integrating women into industrial development and expressed his full support for that programme.

10. Turning to agenda item 6, he reiterated the view that UNIDO was not an appropriate forum for considering the external debt. It had no mandate to do so and other bodies - such as IMF, the World Bank and the Paris Club - were competent to deal with the subject.

11. With regard to agenda item 7, he was still not convinced that the System of Consultations gave value for money. The meetings might, of course, provide opportunities for bilateral contacts and economic cooperation between the developing countries and UNIDO. But it was obviously necessary to proceed in an efficient way, and he hoped that the Director-General would study the possibility of ensuring that Consultations were conducted in areas where real expertise existed and where actual activities were likely to result. UNIDO should, of course, organize consultations only on subjects on which it considered that it had a specific advantage.

12. Mrs. OK (Turkey) said that human resource development should respond to the requests of Member States and meet the priority needs of the developing countries and countries in transition, where the skills required by industry were not always available. Her country particularly welcomed UNIDO's new approach aimed at creating a sustainable industrial management capacity in developing countries, with special emphasis on new production methods and techniques aimed at raising the quality of production and the productivity of the industrial sector.

13. She welcomed UNIDO's intention to promote greater use of training institutions in the developing countries while at the same time improving their capacity to design and carry out training programmes. Eighty-three specialists from 35 countries had attended training programmes on a variety of subjects in Turkey in 1993. Her country had offered to set up an umbrella project which would be designed to modernize the training centres in Turkey that cooperated with UNIDO in organizing in-plant training programmes. It had been proposed that Turkey's Cement Research and Development Centre and National Cleaner Production Training Centre should be modernized under UNIDO's auspices. Both centres, after modernization, could continue to be used as regional centres and

train large numbers of people from the least developed countries. She urged that UNIDO should give serious attention to those projects and that major donors would consider contributing to them.

14. Noting that the human resource development programme faced great financial constraints, she urged the Director-General to allocate to the programme funds derived from savings, including those from unfilled vacancies.

15. Her delegation had been glad to note the establishment of the Small and Medium Enterprises Branch in line with UNIDO's new priorities and fully agreed that SMEs could contribute immensely to overall industrial competitiveness, employment and sustainable development. In fact, they played a vital role in production, innovation, job creation and industrial specialization. The Turkish Government was promoting an expansion of their role at present and believed that SMEs should be encouraged to attain their full economic potential. It had accordingly created the Small and Medium Industry Development Organization (SMIDO), whose aims were: to provide SMEs with access to information and technology; to support entrepreneurship by helping to channel investment to appropriate projects and to promote the utilization of idle industrial capacity, by providing opportunities for joint ventures and by regulating creative and innovative activities for SMEs; to strengthen the ancillary industrial relationship by providing consultant services on specific subjects; to offer training to strengthen the capabilities of SMEs in such areas as investment, management and planning; and to provide marketing assistance to enable them to remain competitive in domestic and world markets. SMIDO was providing consultancy services to developing countries and technical and managerial training for entrepreneurs from a considerable number of countries in transition. It was carrying out comparative studies on the development of small businesses by participating in a number of regional and international development projects. Her delegation highly recommended the development of such mechanisms in the developing countries and fully supported the SME programme.

16. Turkey also supported programmes and activities for women entrepreneurs in various industrial areas, considering that women had in particular an important role to play in the SME sector and should be provided with training and with income-generating opportunities.

17. She hoped that the UCD post in Ankara would indeed be filled during the coming year and that the centre would be strengthened to serve as a regional UCD in due course. The information set out in document IDB.13/29 brought out the weakness of UNIDO's field representation as compared with that of other specialized agencies; in particular, almost the entire cost of ILO field representation was covered by the regular budget, whereas in the case of UNIDO the proportion was only 23.6 per cent. Her country fully supported UNIDO's intention to continue financing the present programme until the end of 1995 in the manner described in paragraph 14. Thereafter the establishment of a separate fund to finance the field representation programme might be a feasible alternative. That would not preclude outposting of headquarters staff or assignment of national staff. All possibilities should be considered, and in particular subregional and regional representation should be arranged whenever possible. Her country would be ready to host a regional centre to provide services to countries in the Middle East, the Caucasus and the Balkans and hoped that UNIDO would take the necessary action on that matter during the coming year.

18. Turkey was studying the possibility of setting up a Centre for Hydrogen Energy Technology to promote the introduction of hydrogen as a source of clean energy. Such a centre would be of assistance in implementing regional and international scientific cooperation. Her Government had made a financial contribution of US$ 100,000 to the project. UNIDO was preparing a feasibility study on it, and her delegation wished to urge the Secretariat to complete and submit the report as soon as possible and hoped that countries which had expressed interest in it would confirm their intention to participate.

19. Her country welcomed UNIDO's activities in the area of environmentally-sustainable development and its position as one of the four implementing agencies of the Multilateral Fund for the implementation of the Montreal Protocol. The Turkish authorities had recently begun to work with UNIDO on the implementation of projects related to the Montreal Protocol and hoped that UNIDO would assist in preparing projects for submission to the Multilateral Fund at its fifteenth session the following month.

20. Mr. AARDAL (Norway) expressed his appreciation for the work done by the interdivisional working group on SMEs and for the success of the SME Branch in concentrating on the two core areas originally proposed by the expert group in 1993, namely, assisting Governments with SME strategies, policies and programmes and building up support institutions and systems. That was what his country had hoped for as a result of the reform process - that the different units of UNIDO would concentrate on areas where they had a specific advantage and that they would not propose over-ambitious activities.

21. With regard to agenda item 4 (e), his country welcomed UNIDO's continued efforts to implement Agenda 21 and to develop its cooperation with other United Nations agencies. It also welcomed the fact that environment- and energy-related programmes had now been linked with other industrial subsectors and hoped that efforts to develop environmentally-friendly projects would continue.

22. He had noted that the integration of gender considerations into all UNIDO activities and the implementation of the programme and plan of action for the integration of women in industrial development would continue. That point was important, but the significance of programmes specifically aimed at women must not be overlooked. UNIDO should continue to strengthen the programmes, projects and activities which were specifically aimed at women in industrial development.

23. Mr. WANG (China) said that his delegation had noted with satisfaction the activities and exploratory work carried out by the Secretariat in the areas of human resource development, the development and transfer of technology, industrial rehabilitation, SMEs, etc.

24. Regarding the environment, energy and sustainable industrial development, China had been glad to note that, in adapting to the changing international situation, UNIDO had attached sufficient importance to technical cooperation activities in that area and that it had also played an active part in the implementation of the Montreal Protocol and Agenda 21. UNIDO could and should make its own contributions to the process of industrialization, particularly of the developing countries, in the area of the environment and energy, and in so doing it would also open up new horizons for its own development.

25. In its progress towards modernization, his Government always attached great importance to environmental protection and the elimination of industrial pollution as a matter of State policy. It was ready to cooperate with all international organizations in achieving the goals set in that connection. UNIDO had participated actively in the Round-table Conference on China's Agenda 21 held in July 1994, and it was hoped that UNIDO would maintain and strengthen technical cooperation and exchanges with the competent departments and enterprises in China.

26. UNIDO's activities in the area of industrial investment promotion had shown notable results in recent years. The investment promotion network had been playing an increasingly important role, contributing to the transfer of capital and technology from the developed to the developing countries. On the basis of the successful establishment of several in industrial promotion programmes by UNIDO and his Government, an industrial promotion programme for South-West China had recently been launched and an international investment forum was to be held in mid-November in Kunming. His delegation believed that such activities would promote economic and technical cooperation with foreign countries, foster the development and use of the country's natural and human resources and accelerate its reform process. In order to promote the development of the North-Eastern region of Asia, the Chinese Government was currently holding consultations with UNIDO with a view to developing investment promotion activities.

27. On the question of the integration of women in industrial development, China, as the host country, was making active preparations for the Fourth World Conference on Women to be held in 1995. The first part of a training programme on women's participation in the country's modernization process had already achieved satisfactory results. The Chinese women entrepreneurs trained under the programme were now passing on to others the enterprise management skills they had acquired. It was hoped that UNIDO would continue to assist in that project, which was still at an early stage.

28. In connection with agenda item 7, his delegation had noted the information on the four Consultations held in 1993 and the proposed meetings for 1996-1997 (IDB.13/15, IDB.13/16). It had always regarded the System of Consultations as an important element of UNIDO's operations, but felt that Consultations should not be held in isolation. Efforts should be made to find an approach that combined Consultations with the promotion of technological cooperation, in order to achieve more concrete results. Only in that way could the System of Consultations be attractive to both developing and developed countries and to both Governments and enterprises.

29. On the question of economic and technical cooperation among the developing countries (ECDC/TCDC), his delegation noted with regret that such activities had not been adequately reflected in the documents before the Board. The Chinese Government fully supported UNIDO's endeavours in connection with ECDC/TCDC and called upon the Secretariat to take steps to strengthen the relevant units in terms of manpower and material resources, with a view to enabling them to satisfactorily meet Member States' needs for ECDC/TCDC assistance.

30. Mr. AL-GHAIS (Kuwait) said that his delegation hoped that UNIDO would continue to expand the sphere of application of the subprogramme for the Arab countries, especially in the area of regional cooperation among those States. In particular, it was necessary to promote cooperation between UNIDO and the Arab Industrial Development and Mining Organization (AIDMO), with a view to intensifying efforts to implement agreed common programmes and promote Arab country programme priorities, with the collaboration of the Economic and Social Commission for Western Asia (ESCWA); the work of joint UNIDO and AIDMO technical committees should be promoted, in order to determine common priority action that could be implemented in the next two years; coordination between the two organizations concerning the implementation of activities in support of industry for the independent Palestinian Government should be pursued, and the possibility of increasing the number of UNIDO Country Directors in the Arab countries should also be considered.

31. The industrial development of the Arab countries was linked to the establishment of peace and stability. No group of States could achieve progress in the field of industrial development unless all the Governments concerned pursued a policy of peaceful coexistence and mutual respect. The Arab world had witnessed encouraging political progress in the peace negotiations between Israel and its neighbours, which could create an environment enabling those countries to pursue their industrial development. However, in the Arab Gulf region, acts of aggression and renewed threats by the Government of Iraq had given rise to a precarious situation, in which the countries of the region could not devote adequate efforts to promoting industrial development and were obliged to allocate most of their resources to defence and armament. While thanking UNIDO for its efforts to help Kuwait overcome the consequences of the Gulf War crisis, he wished to reaffirm his country's further need for the Organization's assistance.

32. His delegation regarded the promotion of the role and integration of women in industrial development as an important issue. While noting the measures adopted in that connection within UNIDO, it wished to advocate the allocation of administrative and other posts to a larger number of women in the Organization. Kuwait had taken steps to integrate women into the country's industrial and social development process. Kuwaiti women had access to all branches of industry, and their status and integration were promoted by many governmental and private enterprises.

33. Mr. KARA (Czech Republic) said that his delegation shared to some extent the criticisms levelled at UNIDO's performance, but still believed that the Organization's successful

revitalization would lead in the near future to full employment of its capacities.

34. That optimism stemmed inter alia from developments in the European programme. His delegation appreciated the attention now being paid by UNIDO to the promotion of cooperation with countries with economies in transition. In particular, concrete measures had been achieved through the joint programme between the Czech Republic and UNIDO. His country had decided to maintain its support for the Industrial Development Fund and was pledging a voluntary contribution for 1995 amounting to the equivalent of US$ 400,000, most of which would be used to support the training of experts from developing countries.

35. The process of transition implied that the countries of Central and Eastern Europe would sooner or later be ready to join the family of the so-called developed countries and shoulder their share of responsibility for global cooperation. Thus assistance given to those countries would yield considerable benefits in increasing global donor capacity. They differed in their needs and potential but their very differences provided a basis for "East-East" cooperation. He accordingly recommended that UNIDO's regional strategy should take more account of existing intraregional capacities and the possibilities of experience-sharing among countries in different stages of transition.

36. Country strategies should be tailored case by case to fit each country's situation. Some countries might require long-term support, and strategies should be aimed at mobilizing more external resources to promote the restructuring of their industries on the basis of the country support strategy. On the other hand, in other countries, including his own, the emphasis might be on identifying their potential for global and regional cooperation and on strengthening their development assistance capacities, so that they were seen as providers of assistance rather than recipients.

37. Part of such a strategy should naturally be a firm commitment by UNIDO to provide individual countries with better access to information on projects in the pipeline in other regions (for instance, in Africa or in countries undergoing changes similar to those in Central and Eastern Europe). Only then could governmental institutions and subcontractors from the region take an active part in capacity recruitment.

38. Mr. VELAZCO (Cuba) said that the developing countries were still suffering from sluggish economic growth, as a result of inadequate access to trade and technology, low commodity prices and an excessive burden of external debt. Those and other factors, including diminishing financial flows, made it increasingly difficult for them to achieve sustainable industrial development.

39. His delegation noted with satisfaction the steps taken by UNIDO since the fifth session of the General Conference to reduce the existing imbalances. It believed that the programming missions launched to developing countries were an appropriate vehicle for acquiring on-the-spot knowledge of the services required from UNIDO and would enable the Organization to rationalize further the use of its available resources. Cuba had been one of the first countries to receive such a mission, in March 1994, but unfortunately it had not yet been possible to make progress towards attaining the objectives set as a result. His delegation believed that the success of such missions would depend upon the speed with which UNIDO acted on the results obtained from them.

40. It was becoming increasingly apparent that special attention needed to be accorded to the human dimension of development and to the acquisition of expertise and technology by local populations. Human resource development was necessary in order to generate the skills, motivation and technical capabilities that were required by industry and were essential for dynamic industrial growth. Without an adequately trained labour force, industrial development would be very precarious, since a high level of specialist skills was one of the key elements in determining the competitiveness of any economy. UNIDO's services in those areas could be made a little more extensive, through the formulation of regional training programmes which took into account the needs of each country. The Organization's technical staff could also play a more active role in manpower training in the developing countries.

41. His delegation considered UNIDO's environment and energy programme to be very important. It was pleased to note the progress achieved to date in the programme's implementation and hoped that the projects to be executed would be as effective as those carried out under the Montreal Protocol.

42. Increased funds should be made available in order to make UNIDO's services more effective. There should be greater flexibility in the Organization's financial regulations so that a higher percentage of its budgetary resources could be allocated for technical assistance to the developing countries.

43. Mr. SSENDAULA (Uganda) said that the importance of human resource development for industrial development could not be overemphasized. To survive and compete in the world today, developing countries needed a highly-qualified labour force, and institutes of higher education must be able to produce people well trained in academic and professional disciplines. His delegation appreciated UNIDO's efforts in training activities, particularly for middle and senior-level management and technical personnel engaged in industry. However, it had noted with dismay that the Organization's human resource development activities were hampered by a shortage of financial resources. It therefore appealed to donor countries to increase their contributions in support of such programmes. In addition, it would request the Director-General to give priority to the Human Resource Development Branch in the allocation of resources.

44. His delegation felt that UNIDO could still accomplish much more in the area of development and transfer of technology. Developing countries needed assistance in the selection and adoption of appropriate technologies. It was gratifying to note that the Organization was paying special attention to the revitalization of industrial technology research institutions in the developing countries. UNIDO should continue its efforts to monitor and evaluate new technologies that might be beneficial to the developing countries and

should actively encourage and promote joint ventures for a more effective transfer of technology.

45. Small- and medium-scale industries offered great potential for building a broader and more resilient base for industrialization. His delegation believed that the development of such industries in the least developed countries should be given priority and that the number of related programmes should be increased.

46. His delegation noted with appreciation the Organization's efforts to integrate women further into development through the new UNIDO guidelines that had made it a requirement at the pre-screening stage to assess the extent to which gender issues had been considered and to evaluate the impact on women of the services proposed. Further consideration needed to be given to employing more women in senior or Professional posts within the Organization.

47. An acceptable and long-lasting solution urgently needed to be found to the external debt problem. The donor community should seriously consider rescheduling most of the debts outstanding and in some cases cancelling them. The developing countries should be given a chance to start afresh, and any loans granted subsequently should be carefully considered to ensure that the borrowers had the capacity to repay them. UNIDO should also continue to promote financial contributions to the Industrial Development Fund in order to increase the competitiveness of industry in the highly indebted developing countries.

48. Mr. POROJAN (Romania) said that it was to the Director-General's credit that at a time of major structural adjustments, extreme resource constraints and unpredictable future financial inflows, he had managed to develop a framework for reorienting and prioritizing UNIDO's services, and to introduce an improved management system for implementing the reform process, a new organizational structure and more efficient operational procedures. However, the full success of the process of reform and restructuring would depend upon both the donor and the recipient countries.

49. Nearly five years had elapsed since dramatic political changes had taken place in Romania and in other Central and East European countries, and today the democratization of society and the separation of powers was an established fact. Romania's economy had undergone important changes and it was now firmly in transition to a market economy. Unfortunately, initial optimism about the duration and difficulties of that change had not been justified, largely because of problems due to lack of experience. During the first four years there had been a steep drop in industrial output, a high rate of inflation and rising unemployment. However, since the last quarter of 1993 signs of improvement had appeared and for the first time since 1988 the Romanian economy had grown (by 1 per cent). By means of strict public expenditure control and a cut in practically all subsidies, the country had moved from a consolidated deficit of 7 per cent of GDP in 1992 to near balance in 1993. That trend had continued in 1994, and the Government's strategy was closely coordinated with IMF and World Bank policies.

50. As a result of higher interest rates, the predicted inflation rate for 1994 was below 70 per cent, compared with over 300 per cent in 1993. Growth in GDP in 1994 was expected to be 1 per cent, with a predicted rate of 4 per cent after 1996. The exchange of the local currency to the dollar had remained stable in 1994. Industrial output had increased by 2.1 per cent in the first three quarters of 1994, and exports of industrial products in the first nine months had been 34.5 per cent higher than in the previous years.

51. Romania's most important task at present was the transfer of industrial property. The parliament was at present debating a government proposal that would allow privatization of some 3,000 companies (of which more than one third were industrial enterprises) within a few months. That process was supported by international organizations, and Romania was hoping to benefit from assistance in the difficult process of major internal transformation.

52. The total value of UNIDO projects in Romania had risen from US$ 50,000 in 1991 to about US$ 600,000 in 1994 for all the activities included in the Work Programme of the Joint UNIDO-Romania Centre.

53. The newly-established Industrial Sectors and Environment Division was extremely important, and Romania supported the move by UNIDO and UNEP to back joint country initiatives to establish national centres to formulate and implement a coordinated programme for cleaner production. In that context, his delegation welcomed the UNIDO proposal to complement the ongoing activities of the GEF project "Environmental management and protection of the Black Sea" by including the UNIDO approach of promoting cleaner production technologies in the Black Sea countries.

54. Industrial promotion was an important domain in which the Bucharest Office of the Joint UNIDO-Romania Centre was permanently engaged. In 1994 UNIDO had sent two missions to Romania to help identify investment opportunities. The first mission, organized by the Investment Promotion Office in Milan, had promoted 18 potential projects for cooperation, transfer of technology or joint ventures between Romanian companies and Italian investors at the BORITEC Fair in Milan. The second session, financially supported by the French Government, had been concerned with investment projects in environmental protection in metallurgy and equipment for pollution control. He thanked the French and Italian Governments for financing those missions and stressed the professionalism of the UNIDO experts involved. At the same time he reaffirmed his country's interest in the approval by the UNIDO Secretariat of the proposal for the establishment of an Investment Promotion Centre within the Bucharest Office of the Joint UNIDO-Romania Centre.

55. Romania considered that some of the fields mentioned in document IDB.13/12 could generate interesting projects. They included: specialized training programmes in the selection of sustainable technologies, preparation and appraisal of small business projects, practical approach to investment project financing, linking investment promotion with technology upgrading, and information services to industrial companies, government agencies, and small and medium enterprises.

56. Another field of interest was rehabilitation and modernization of industrial enterprises using the UNIDO four-step approach: Romania had already

proposed a project for assistance in the restructuring of a leading Romanian chemical complex. Assistance to government institutions in formulating policy and legislation was provided through other international channels, but there was an acute need for assistance to individual enterprises before or after privatization. In that context he believed that the model for restructuring projects carried out in Poland for 15 large State-owned enterprises, based on the United Kingdom Know-How Fund could be followed by Romania, which would greatly appreciate receiving assistance from that Fund for the promotion of such projects.

57. Assistance to small and medium enterprises was another interesting possibility. Romania's Centre for the Promotion of Small and Medium Enterprises provided free consultancy to small entrepreneurs on subjects ranging from market analysis to the elaboration of business plans and financial management. In the past year the Centre, in cooperation with local authorities, had established a series of sub-centres in large cities of Romania, and extension of its activities on a regional basis was the objective of a new UNIDO project.

58. Environmental protection and sustainable industrial development was the subject of a number of projects in the 1994 Work Programme. He stressed the importance of approving a proposed project on the treatment of domestic waste in a medium-sized industrial town. Romania had greatly appreciated the support of the Managing Director of the Industrial Sectors and Environment Division in identifying environment-related projects during visits to Romania.

59. Industrial investment promotion had been one of UNIDO's main activities in 1993 and 1994, and his delegation stressed the need to strengthen technical and other support for such activities. The Director-General had focused attention on developing integrated programmes of technical cooperation designed to attract foreign investment resources, covering advice on policy and legislation, improvements in the structure of investment, the strengthening of investment promotion agencies and related institutional mechanisms.

60. The Investment Promotion Initiative launched in 1993 was aimed at promoting investment opportunities in the former socialist States and selected developing countries. Romania hoped to benefit from it and from similar initiatives by donors. With support from UNIDO, the existing Joint UNIDO-Romania Centre could become an important focal point for promoting appropriate industrial investment activities. Romania was also interested in UNIDO's assistance in identifying and promoting investment projects and in establishing a regional investment promotion network in the Black Sea area.

61. Another field of interest was the integration of women in industrial development. UNIDO had a long way to go to improve the representation of women in the Secretariat, especially at the Professional and higher levels, and new recruitment presented an opportunity to rectify the current situation.

62. Document IDB.13/12 was, in his delegation's view, proof of UNIDO's capacity to adapt to new economic and political conditions. The Annual Report for 1993 and the Progress Report for 1994 were an improvement over those of previous years. His delegation appreciated the considerable progress made in restructuring UNIDO and fully supported the changes in the organizational structure and the reform of administrative and management procedures carried out since the fifth session of the General Conference. It looked forward to taking an active part in all discussions concerning the continued improvement in UNIDO and was convinced of the importance of regular comprehensive monthly briefings for different geographical groups.

63. Mr. Wejtko (Poland) took the Chair.

64. Mr. AMMAR (Tunisia) said that his country believed that the new approaches to technical cooperation would strengthen and improve the performance of Tunisia and other developing countries in industrial development.

65. As far as quality and standardization were concerned, UNIDO should focus on industrial strategies to improve product quality and restructure standard-setting bodies by placing the accent on specifications or standards for agro-industries and other sectors, with a view to establishing the necessary procedures and training regional specialists in ISO 9000 techniques.

66. The establishment of an Investment Promotion Service in Tunisia and UNIDO's assistance to Tunisian companies in achieving an international level of competitiveness were objectives to which Tunisia attached particular importance.

67. The appropriate infrastructure had been set up by encouraging free enterprise, making the dinar convertible and introducing an investment promotion code in order to establish a suitable climate for foreign investment and joint ventures.

68. He drew attention to the difficulties being encountered by Tunisia in establishing its IPS office. The salary required for UNIDO staff was far higher than that provided by the Tunisian administration, and an intermediate solution would have to be sought in order to avoid differences in remuneration for officials of comparable level.

69. The introduction at the national and international level of an environment conducive to industrial growth and competitiveness, in accordance with the commitments made at Yaoundé, was of the utmost importance and was one of the most important ways of achieving ecologically fair and lasting industrial development. It was also one of Tunisia's priorities.

70. Ensuring a healthy environment for present and future generations was the duty of all. Tunisia was greatly concerned by the present situation in that respect and was making sustained efforts to ensure that industrial development was compatible with a healthy environment. Various measures had been undertaken in Tunisia, including the establishment of a National Commission for Durable Development, whose recommendations included the establishment of ecotechnological centres at the national, regional and international levels. In addition, a meeting on Agenda 21 had taken place recently in Tunis.

71. His delegation noted with satisfaction UNIDO's efforts in promoting industries that respected the environment. UNIDO's promotion of such industries should be extended to all sectors,

and past and present projects in the developing countries should be consolidated.

72. His delegation welcomed the draft decision of the European Union and Austria on strengthening cooperation between UNIDO and other international organizations specializing in environmental matters.

73. Mr. FISENKO (Belarus) welcomed the efforts undertaken by the Director-General to reform UNIDO and hoped that the discussions at the present session of the Board would give fresh impetus to that process. The changes occurring in all areas of contemporary society illustrated the key role of industry in economic and social development. In countries with a transitional economy, including his own, industry and other areas of the economy had been restructured from a system of centralized management to one based on market economy mechanisms.

74. Although there were new and positive aspects to the Organization's work, there were also a number of deficiencies, including the dissipation of its efforts over many different areas of activity. His delegation agreed with those representatives who had argued that UNIDO should not duplicate the work of other organizations, in particular those dealing with macroeconomic policy and the restructuring of the economy as a whole. The Organization's efforts should rather be focused on finding solutions to specific tasks within its field of competence. In certain fields of industrial development, e.g. technology transfer, energy savings and the environment, UNIDO's work did not measure up to the demands of the present day. The Organization should seek new ways of attracting investment capital for the creation of new and the rehabilitation of existing industrial production facilities in recipient countries. His delegation endorsed the proposal that more attention should be given in UNIDO's programmes to the conversion of defence industry facilities.

75. It would be desirable to expand international efforts to alleviate the consequences of the Chernobyl nuclear disaster in accordance with resolution 17 of the General Conference of Yaoundé. Unfortunately, that problem was not even mentioned in the report before the Board.

76. The report of the Director-General on the implementation of concrete measures for 1994 also failed to include the important element of assessment of their success.

77. While welcoming in general the decentralization of UNIDO's activities, his delegation wished to stress that it should not hamper the dissemination of the experience gained on the ground in the various countries.

78. He agreed that UNIDO's future would depend above all upon the resolve of its Member States to solve industrial development issues in a spirit of cooperation. He hoped that all countries by their joint efforts would help the Organization to overcome its present difficulties and become an effective instrument for international cooperation.

79. Mr. JAMAL (Qatar) noted that document IDB.13/12 recorded progress in various fields. He reminded Members of the importance attached by the General Conference at its fifth session to the development of human resources. Fostering of skills, provision of employment opportunities, measures to facilitate the acquisition of applied science and technology, attention to social aspects and stress on managerial capabilities were all indispensable for the industrial development of the developing countries. UNIDO thus had a unique role to play in helping those countries to adopt policies for manpower training integrated with their educational systems.

80. The technological gap between advanced industrialized and developing countries continued to widen, despite sporadic efforts to facilitate the transfer of technology and despite the globalization of industry and production. If that gap was to be bridged, industrial growth and development would have to be accelerated in the developing countries through investment and joint ventures.

81. UNIDO could play an important role in facilitating cooperation between the advanced and the developing countries if it made the necessary changes in its structure and priorities in keeping with the principles of the Yaoundé Declaration. The achievement of that goal would require all Member States to support the Organization's strategies.

82. His delegation welcomed the establishment of the Techmart mentioned in the Annual Report for 1993, an approach that would allow SMEs to obtain appropriate technology. It also approved of the plan for organizing Techmarts in different locations every year.

83. He stressed the importance of providing scientific and technical training and the necessary financial resources to allow research and development institutions in the developing countries to progress and to make use of their achievements in order to foster an environment conducive to improved economic and commercial performance in those countries.

84. The President resumed the Chair.

85. Mr. YUSUPOV (Observer for Uzbekistan) said that his delegation approved of the Director-General's proposals for improving the effectiveness of UNIDO. At the beginning of his Government's own process of reform, involving the transition to a market economy, it had been decided that shock therapy was unacceptable. Instead, the reforms being introduced in Uzbekistan were based largely on a careful study of the experience of the developed countries. They contained five fundamental elements: priority solution of urgent economic problems; measures to ensure the existence of a strong executive; measures to ensure the rule of law; a strong social policy designed to prevent the impoverishment of the population; and a step-by-step approach to the implementation of reforms. All State organs exercising direct control of the economy had been abolished and privatization was proceeding vigorously.

86. Those steps, together with the country's sound political situation, had made Uzbekistan the first country in the Commonwealth of Independent States to increase production. It had very large deposits of gold, uranium and copper and substantial reserves of molybdenum, silver and other rare non-ferrous metals. It was also a major producer of cotton, vegetables and fruit. His Government was ready to cooperate with foreign countries and firms in various fields. A leading aim of its cooperation with international

organizations was to attract foreign investment for the execution of major projects in the priority fields of the national economy. It therefore welcomed UNIDO's help in organizing an Investment Promotion Service in Uzbekistan. The Organization's missions which had visited the country in 1994 had prepared several interesting projects and his Government was grateful to those countries which had indicated their willingness to finance them.

87. It urged the Organization to increase its assistance to countries in transition in order to ensure success in their reforms, and it appealed to donor States to accord greater help to the Central Asian region, whose wealth of human and natural resources gave it an enormous potential for growth. His delegation also urged UNIDO to pursue closer coordination with other international organizations when formulating technical assistance programmes. The Organization's cooperation with the countries of Central Asia would be strengthened if they had representatives working in the Secretariat.

88. Mr. HODEL (Switzerland), referring to item 4 (b), Development and transfer of technology, congratulated UNIDO on its work to promote environmentally-friendly industrial technologies. The Organization had a key role to play in the necessary process of transferring those technologies to countries which lacked them. UNIDO should do more to collect and disseminate all the existing information available on such technologies. That task required better coordination between the units of the Secretariat dealing with transfer of technology, studies and research, environment and specific industries. Information collection was costly and would necessitate priority being given to certain activities of the transfer of technology programme and others being abolished or curtailed. He believed the private sector would be willing to pay for high-quality information. It should be disseminated through chambers of commerce, professional associations and research institutes and sold to entrepreneurs, so that part of the cost of collecting the information was recovered.

89. His delegation was grateful that numerous workshops and seminars were conducted by UNIDO in the field of transfer of technology. It was high time that the Organization began to train trainers and confined direct training to circumstances where a manual or a training programme needed to be tested. It was essential that all UNIDO's activities, including its training work, should build local capabilities and generate real sustainability, not just prospects of sustainability. His delegation therefore criticized the comment on that point in paragraph 60 of the progress report (IDB.13/12). In addition, it wished to know how many collaboration agreements and joint ventures had resulted from Techmarts and what criteria were employed to assess the efficiency of Techmarts. In general it would like documents to contain much more quantitative information.

90. In regard to item 4 (f), Industrial investment promotion, his delegation was gratified to learn that UNIDO was preparing a scheme for charging fees for services delivered by Investment Promotion Offices. It suggested that the scheme should be submitted to the Programme and Budget Committee or the Board, at either's next session. His delegation was also glad that investment activities had gone beyond the traditional North-South pattern to include South-South investment flows. It was greatly concerned, though, at the tendency for the methods adopted by the various Investment Promotion Services to be standardized regardless of the region concerned. That was unrealistic in concept and something which the evaluation of the investment promotion programme did not seem to have recommended. Investment Promotion Services should be allowed sufficient discretion to select the methods most suited to the markets in which they operated.

91. Mr. GORELIK (Russian Federation) said that clear evidence existed of new elements in many areas of UNIDO's activity. The Secretariat was adopting a comprehensive approach to the implementation of priority programmes, for example in the "region-country-branch-enterprise" approach and the creation of interdepartmental working groups to solve multidisciplinary problems. UNIDO should pay greater attention to the search for long-term intersectoral projects which involved different organizations within and outside the United Nations system. His delegation foresaw great practical benefits from projects which covered simultaneously such fields as education, science, defence conversion and small and medium-scale business. That called for close cooperation between UNIDO and partners such as UNESCO.

92. His delegation noted with satisfaction the greater attention being paid by the Secretariat to programmes and projects for economies in transition and the strengthening of the European orientation in UNIDO's work, as well as the fact that the European programme had been assigned to an independent component of the Secretariat.

93. The cooperation between Russia and UNIDO was based on a memorandum signed in 1993, which provided for industrial investment promotion, the conversion of defence sectors, privatization, the development of small- and medium-scale enterprises and personnel training. Industrial investment promotion took the form of the organization, with the assistance of UNIDO, of investment forums for the Russian regions. Promising areas of work included the establishment in Russia of enterprise support centres, which it was planned to incorporate in the international network being created by UNIDO.

94. His Government had a high regard for the Organization's work on human resource development and on the development and transfer of technology, in particular with regard to the creation of international technology transfer centres. UNIDO's role in strengthening mutually advantageous relationships between developing and developed countries in the area of the introduction of advanced technologies should be expanded. Despite the difficulties of the transitional period, the Russian Federation was still able to offer considerable experience in scientific research and development in spheres of special interest to developing countries. It was prepared to make a conspicuous contribution to sustainable development by transferring its technologies to those countries. UNIDO's initiative in organizing Techmart exhibition seminars deserved particularly high praise. His Government was preparing for the business forums planned for 1995.

95. The Organization's energy programme took account in general of the observations made by Member States and the recommendations of the United Nations Conference on Environment and

Development. It was important to transfer ecologically safe technologies to developing countries. Broadly speaking, however, there was no sufficiently clear definition of how UNIDO's energy programme fitted in with its environment programme. Because energy-generating facilities were among the major sources of atmospheric pollution, coordination between those important programmes should be improved.

96. His delegation noted with satisfaction that the Organization was involved in preparing for the World Summit on Social Development and it hoped that the Secretariat would keep Member States abreast of developments on that question. UNIDO should take increasing account of social criteria in all its programmes and projects.

97. Mr. KOLLARIK (Slovakia) expressed his Government's great appreciation of the progress achieved in restructuring and reorienting UNIDO. The Organization had acquired a sharper substantive and country focus and aimed at favourable results from the pursuit of priority themes, as well as seeking closer linkages with Member States and their industries and more concerted fund mobilization. An example of the improvement in the Organization could be found in the cooperation it had extended to the young Slovak Republic. The Memorandum of Understanding between UNIDO and his Government provided for the following priority fields of activity: environmental protection and preservation of natural resources; economic restructuring, private sector development and privatization; transfer of technology and related information; industrial investment promotion; development of small and medium-scale enterprises; and human resource development.

98. Slovakia welcomed the fact that it had been selected as a priority country in the European region for the preparation of the Country Support Strategy. It was willing and able to render considerable support to the Organization in the promotion and acceleration of industrial development in the developing countries.

99. A Joint UNIDO-Slovak Republic Committee had been established with the task of preparing a programme of assistance to developing countries through UNIDO and reviewing its implementation. His Government intended to organize joint training workshops and seminars for experts from developing countries and countries in transition, in particular in regard to the environment, the development of small and medium-scale enterprises, privatization and training of human resources. His country attached great importance to future cooperation with UNIDO.

100. Mr. GUPTA (India) said that his delegation appreciated the detailed report on the activities of UNIDO and noted with satisfaction that the priorities identified by the Organization accorded with those of his own country.

101. UNIDO deserved to be complimented for making special efforts to strengthen the linkage between human resource development and the development and transfer of advanced technologies, and also to create awareness of the environmental aspects of industrial development. The Organization should make greater use of Indian training institutions in the area of human resource development. He congratulated the Director-General on the dynamic and imaginative programme of development and transfer of technology. UNIDO might usefully, in cooperation with other agencies, analyse the effects on the development and transfer of industrial technology of the new GATT/World Trade Organization system. Transfer of technology was a critical input in the industrialization of developing countries, and the Organization had a catalytic role to play in strengthening the bargaining position of those countries, and particularly the least developed countries, in their efforts to obtain technologies on fair and reasonable terms.

102. His delegation welcomed UNIDO's work in the area of industrial rehabilitation and re-structuring, including privatization. It should cooperate more closely with other organizations working in that area. The existing cooperation between UNIDO and the International Centre for Public Enterprises (ICPE) should be revitalized through a joint programme on industrial re-structuring, with emphasis on training of managers for restructuring. He suggested that the Organization should have further consultations with ICPE with a view to strengthening cooperation between the two organizations. Industrial restructuring and privatization had assumed added significance in view of the increased momentum towards restructuring and privatization in many developing countries and economies in transition.

103. Small and medium-scale industries were a vital sector for industrial growth in many developing countries. His delegation approved of UNIDO's aim of increasing the contribution of small and medium enterprises to the industriali-zation of developing countries. Greater attention should be paid to extending UNIDO's advisory functions in that field. India had a well-developed small and medium industries sector and would like to participate in UNIDO's work in that area. His country's expertise, technical know-how and equipment would be readily available. Small and medium industries in the rural and informal sector needed further support and encouragement. They assumed particular importance in view of the World Summit on Social Development to be held at Copenhagen in March 1995. UNIDO's role in the Summit should be to highlight the challenges and opportunities for a massive attack on poverty and deprivation through small and medium-scale industries. A presentation of appropriate technologies and industries should be prepared and widely exhibited, covering such human needs as safe drinking water, food and nutrition, low-cost housing, sanitation equipment and renewable energy resources. The emphasis should be on technology suitable for low-cost, local production that would general local employment and income.

104. The Organization's services in the area of environment, energy and sustainable development were of critical importance to his country and to many other Asian countries which had built up substantial industrial capacity but were faced with growing problems of environmental pollution and urban degradation. Those were areas in which market forces could not provide the answer and effective governmental intervention was required. His Government appreciated UNIDO's technical assistance in that area. The transfer of cleaner production technologies to developing countries in order to promote their capacity to develop those technologies themselves was of the utmost importance.

105. India was keenly interested in utilizing UNIDO's investment promotion services and in following up the Invesmart held in April 1994.

Having successfully organized two Techmarts and one Invesmart in collaboration with UNIDO, it was preparing for an India-Intechmart in March 1995, which would encompass both investment opportunities and technology transfer. His Government attached very high priority to investment promotion, particularly after the wide-ranging economic reforms in India, which had greatly improved the climate for foreign investment. Indian experience indicated an urgent need for strengthening UNIDO's investment promotion network and its capacity to disseminate investment project information rapidly and effectively to international business circles. The Organization might usefully develop appropriate linkages with the Trade Point business information system recently launched by UNCTAD. His delegation hoped that the field representation system ultimately evolved by UNIDO would strengthen its investment promotion capability.

106. The climate of economic and financial reform in India, its encouragement of private sector participation in major industries and the sharp rise in its industrial production led it to view UNIDO as an important partner not only for its own sustainable industrial growth and development but also for cooperation with other countries.

107. His Government was exploring the possibility of organizing a high-level expert group forum on industrial development in late 1995 at New Delhi in collaboration with UNIDO. The forum would deliberate on the emerging global industrial scenario in the first few decades of the next century.

The meeting rose at 6.05 p.m.